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Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Report of the Second Committee*

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I. Introduction

1. The Second Committee held a substantive debate and took further action on agenda item 52 at its 37th, 41st and 42nd meetings, on 25 November and 9 and 11 December 2009. An account of the Committee's further consideration of the item is contained in the relevant summary records (A/C.2/64/SR.37, 41 and 42).

II. Consideration of proposals

A. Draft resolution A/C.2/64/L.28

2. At the 33rd meeting, on 10 November, the representative of Mexico introduced a draft resolution entitled "Modalities for the fourth High-level Dialogue on Financing for Development" (A/C.2/64/L.28), which read:

"*The General Assembly*,

"*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of

* The report of the Committee on this item is being issued in two parts, under the symbols A/64/419 and A/64/419 (Part II).

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20 December 2002, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007 and 63/239 of 24 December 2008, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007 and 2008/14 of 24 July 2008,

"*Recalling also* its decision 63/564 of 14 September 2009, in which it decided to hold its fourth High-level Dialogue on Financing for Development on 23 and 24 November 2009 at United Nations Headquarters,

"1. *Takes note* of the note by the Secretary-General on the proposed organization of work of the High-level Dialogue on Financing for Development;

"2. *Decides* that the overall theme of the fourth High-level Dialogue will be 'The Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead';

"3. *Stresses* the importance of the full involvement of all relevant stakeholders in the implementation of the Monterrey Consensus at all levels, and also stresses the importance of their full participation in the financing for development follow-up process, in accordance with the rules of procedure of the General Assembly, in particular the accreditation procedures and modalities of participation utilized at the Monterrey and Doha Conferences;

"4. *Decides* that the modalities for holding the fourth High-level Dialogue will be the same as those used in the 2005 and 2007 High-level Dialogues, as described in General Assembly resolution 59/293 of 27 May 2005;

"5. *Decides also* that the High-level Dialogue will consist of a series of plenary and informal meetings and three interactive multi-stakeholder round tables;

"6. *Decides further* that the themes of the round tables and the informal interactive dialogue will be as follows:

"(a) Round table 1: The reform of the international monetary and financial system and its implications for development;

"(b) Round table 2: The impact of the current financial and economic crisis on foreign direct investment and other private flows, external debt and international trade;

"(c) Round table 3: The role of financial and technical development cooperation, including innovative sources of development finance, in leveraging the mobilization of domestic and international financial resources for development;

"(d) Informal interactive dialogue: The link between financing for development and achieving the Millennium Development Goals: the road to the 2010 high-level event;

"7. *Decides* that the High-level Dialogue will result in a summary by the President of the General Assembly that will provide, as appropriate, an

input on financing for development to the preparatory process of the high-level plenary meeting of the General Assembly of September 2010."

3. At the 42nd meeting, on 11 December, a statement was made by the representative of Mexico in his capacity as facilitator of the draft resolution.

4. At the same meeting, the Committee decided not to take action on the draft resolution.

B. Draft resolutions A/C.2/64/L.43 and A/C.2/64/L.66

5. At the 37th meeting, on 25 November, the representative of the Sudan, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus" (A/C.2/64/L.43), which read:

"*The General Assembly*,

"*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007 and 63/239 of 24 December 2008, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007 and 2008/14 of 24 July 2008,

"*Recalling also* the 2005 World Summit Outcome,

"*Recalling further* the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and underlining the need for the expeditious implementation and follow-up of the Outcome,

"*Taking note* of Economic and Social Council resolution 2009/30 of 31 July 2009 regarding the strengthening of the intergovernmental process for carrying out the financing for development follow-up,

"*Taking note also* of the Secretary-General's reports on the follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development, and on innovative sources of development finance,

"*Taking note further* of the reports of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development and on the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

"*Recalling* the commitment in the Doha Declaration on Financing for Development to staying fully engaged in ensuring proper and effective follow-up to the implementation of the Monterrey Consensus, and recognizing the

importance of financing for development to the achievement of the internationally agreed development goals, including the Millennium Development Goals,

"*Recalling also* the commitment to consider the need to hold a follow-up financing for development conference by 2013,

"*Expressing grave concern* over the severe adverse impacts of the global financial and economic crisis on development, including the capacity of developing countries to mobilize financing for development,

"*Recognizing* that, more than ever, the financial and economic crisis has demonstrated that the State has a central and leading role in the economy,

"*Welcoming* the establishment of an ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

"1. *Welcomes* the holding of the Doha Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which provided an opportunity to assess progress made, reaffirm goals and commitments, share best practices and lessons learned and identify obstacles and constraints encountered, actions and initiatives to overcome them and important measures for further implementation, as well as new challenges and emerging issues, in the financing for development process;

"2. *Reaffirms* the importance of fulfilling commitments undertaken by developed countries in the Monterrey Consensus and the Doha Declaration on Financing for Development to, inter alia, increase official development assistance, reduce debt and debt service payments by developing countries, open their markets to the products of developing countries and encourage foreign direct investment flows to the developing world;

"3. *Expresses deep concern* about the impact of the global financial and economic crisis on the ability of developing countries to access the necessary financing for their development objectives, including the achievement of the internationally agreed development goals, including the Millennium Development Goals;

"4. *Urges* developed countries that have not done so to fulfil their commitments of official development assistance to developing countries, and underlines that this need has been further confirmed by the ongoing financial and economic crisis;

"5. *Underlines* that, in a recessionary environment, there is a need for a renewed commitment to ensure an increased flow of stable and predictable financial resources to developing countries;

"6. *Recognizes* the important role played by special drawing rights allocations in increasing global liquidity, contributing to global stability, equity and economic resilience, and commits to undertaking urgently a further examination of the role of increased emissions of special drawing rights in the expansion of liquidity and the promotion of development;

"7. *Reiterates* that it is important for donors to work on national timetables, by the end of 2010, to increase aid levels within their respective

budget allocation processes towards achieving increased financial resources to developing countries;

"8. *Stresses* that substantial new and additional resources, inter alia, short-term liquidity and long-term development financing and grants, will need to be made available to developing countries to be utilized towards an adequate response to their social priorities, including health and education, in accordance with their national development strategies and priorities;

"9. *Calls for* additional resources for social protection and human development to be made available through contributions to United Nations initiatives while supporting the development of a United Nations mechanism, and also calls for additional resources to be provided to the United Nations development system, on a predictable basis, to support development activities at the country level so as to allow developing countries to mitigate the impact of the crisis on their development plans and programmes;

"10. *Notes with concern* the decline of official development assistance as a source of budgetary resources for developing countries, and, in this regard, stresses the need to translate donor commitments to increasing official development assistance into real increases in financial resources to support the implementation of national development strategies in developing countries and their achievement of the Millennium Development Goals;

"11. *Stresses* that debt relief and emergency aid must not be counted as part of official development assistance;

"12. *Recalls* that sustainable debt financing can be an important element for mobilizing resources for development, reaffirms the role of debt relief in reducing debt and debt servicing as a tool for both crisis prevention and long-term debt sustainability, and underlines the urgent need to examine mechanisms for debt restructuring, including through a debt workout mechanism at the United Nations level;

"13. *Recognizes* the potential of various innovative sources of financing to supplement traditional sources of financing, and requests the Secretary-General, in consultation with Member States, to organize a special event, to be held early in 2010, on the potential of innovative sources of development finance;

"14. *Reiterates in this regard* that such funds should supplement and not be a substitute for traditional sources of finance, including official development assistance, and should be disbursed in accordance with the priorities of developing countries and not unduly burden them;

"15. *Stresses* the importance of and the critical role that can be played by a universal, rule-based, open, non-discriminatory and equitable multilateral trading system in stimulating economic growth and development, in particular in the case of the developing countries, where trade continues to be one of the most important sources of development financing;

"16. *Reiterates* the call for voluntary contributions by Member States to the Trust Fund for the Follow-up to the International Conference on Financing for Development to enable it to achieve the goals and functions assigned to the office;

"17. *Requests* the Secretary-General to report to the General Assembly at its sixty-fifth session on the status of the fulfilment of official development assistance commitments, including the establishment of timetables to achieve the 0.7 per cent target;

"18. *Acknowledges* the decisions taken by the Economic and Social Council at its substantive session of 2009 to strengthen the follow-up mechanism of the financing for development process, while recognizing the need to further strengthen the follow-up process, including the possibility of establishing an intergovernmental body to oversee and promote the implementation of the financing for development mandates, and requests the Secretary-General, in consultation with the President of the General Assembly, to submit concrete proposals to Member States in this regard before the end of the sixty-fourth session of the Assembly with a view to establishing a functional commission on financing for development;

"19. *Decides* to include in the provisional agenda of its sixty-fifth session the item entitled 'Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference', and requests the Secretary-General to submit to the General Assembly at its sixty-fifth session a substantive report, including concrete recommendations for action to further the implementation of the Monterrey Consensus."

6. At its 41st meeting, on 9 December, the Committee had before it a draft resolution entitled "Follow-up to and implementation of the Monterrey Consensus and the outcome of the 2008 Review Conference (Doha Declaration on Financing for Development)" (A/C.2/64/L.66), submitted by the Vice-Chairperson of the Committee, Carlos Enrique García González (El Salvador), on the basis of informal consultations held on draft resolution A/C.2/64/L.43.

7. At the same meeting, the Committee was informed that the draft resolution had no programme budget implications.

8. Also at its 41st meeting, the Committee adopted draft resolution A/C.2/64/L.66 (see para. 11).

9. Before the adoption of the draft resolution, a statement was made by the representative of Nicaragua; after the adoption of the draft resolution, statements were made by the representatives of the United States of America, Sweden (on behalf of the States Members of the United Nations that are members of the European Union) and Chile.

10. In the light of the adoption of draft resolution A/C.2/64/L.66, draft resolution A/C.2/64/L.43 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

11. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Follow-up to and implementation of the Monterrey Consensus and the outcome of the 2008 Review Conference (Doha Declaration on Financing for Development)

The General Assembly,

Recalling the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007 and 63/239 of 24 December 2008, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007 and 2008/14 of 24 July 2008,

Recalling also the 2005 World Summit Outcome,[1]

Recalling further the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[2] and underlining the need for the expeditious implementation and follow-up of the Outcome,

Taking note of Economic and Social Council resolution 2009/30 of 31 July 2009 regarding the strengthening of the intergovernmental process for carrying out the financing for development follow-up,

Taking note also of the reports of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development,[3] and innovative sources of development finance,[4]

Taking note further of the reports of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development and the report of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,[5]

Taking note of the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 27 April 2009,

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[1] See resolution 60/1.

[2] Resolution 63/303, annex.

[3] A/64/322.

[4] A/64/189 and Corr.1.

[5] United Nations publication, Sales No. E.09.II.A.1.

Reaffirming the Monterrey Consensus[6] in its entirety, its integrity and its holistic approach, recalling the resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals, and also recommitting itself to staying fully engaged, nationally, regionally and internationally, so as to ensure proper and effective follow-up to and implementation of the Monterrey Consensus,

Reaffirming also that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and recognizing that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty,

Recalling the importance of the overall commitment to just and democratic societies for development as spelled out in the Monterrey Consensus,

Deeply concerned by the adverse impacts of the global financial and economic crisis on development, including on the capacity of developing countries to mobilize resources for development, and recognizing that an effective response to the current crisis requires timely implementation of existing aid commitments,

Emphasizing that the financial and economic crisis has demonstrated the need for more effective government involvement so as to ensure an appropriate balance between the market and the public interest, and recognizing the need to better regulate financial markets,

1. *Welcomes* the holding in Doha of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which provided an opportunity to assess progress made, reaffirm goals and commitments, share best practices and lessons learned and identify obstacles and constraints encountered, actions and initiatives to overcome them and important measures for further implementation, as well as new challenges and emerging issues, in the financing for development process;

2. *Stresses* that each country has primary responsibility for its own economic and social development, and that the role of national policies, domestic resources and development strategies cannot be overemphasized, and reaffirms the importance of:

(a) The implementation of the commitment to sound policies, good governance at all levels and the rule of law;

(b) The implementation of the commitment to creating an enabling environment for mobilizing domestic resources and of sound economic policies;

(c) The implementation of the commitment to enhancing the coherence and consistency of international monetary, financial and trading systems in order to complement national development efforts;

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[6] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

3. *Recognizes* that a dynamic, inclusive, well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty, emphasizes the need to pursue appropriate policy and regulatory frameworks at national levels and in a manner consistent with national laws through which to encourage public and private initiatives, including at the local level, and to foster a dynamic and well-functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment, and reiterates the importance of ensuring that the benefits of growth reach all people by empowering individuals and communities;

4. *Reiterates* the importance of investment in human capital, inter alia, in health and education, through inclusive social policies, in accordance with national strategies and priorities;

5. *Recalls* that the ongoing fight against corruption at all levels is a priority, and reaffirms the need to take urgent and decisive steps to continue to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation and prevent the diversion of resources away from activities that are vital for development, also recalls that this requires strong institutions at all levels, including, in particular, effective legal and judicial systems and enhanced transparency, recognizes the efforts and achievements of developing countries in this regard, takes note of the increased commitment of States that have already ratified or acceded to the United Nations Convention against Corruption,[7] and, in this regard, urges all States that have not yet done so to consider ratifying or acceding to the Convention;

6. *Recalls* the resolve of Member States to continue to undertake fiscal reforms, including tax reform, which is key to enhancing macroeconomic policies and mobilizing domestic public resources; also recalls that, while each country is responsible for its tax system, it is important to provide support to national efforts in those areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters, including in the area of double taxation; and stresses that inclusive and cooperative frameworks should ensure the involvement and equal treatment of all jurisdictions;

7. *Notes* that, while foreign direct investment is a major source of financing for development, the flow of such funds to developing countries and countries with economies in transition has fallen rapidly during the crisis and remains uneven, and, in this regard, calls upon developed countries to continue to devise source-country measures to encourage and facilitate the flow of foreign direct investment, inter alia, through the provision of export credits and other lending instruments, risk guarantees and business development services; calls upon developing countries and countries with economies in transition to continue their efforts to create a conducive domestic environment for attracting investments by, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights; and stresses the importance of enhancing efforts to mobilize investment from all sources in human resources and physical, environmental, institutional and social infrastructure;

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[7] United Nations, *Treaty Series*, vol. 2349, No. 42146.

8. *Reaffirms* that international trade is an engine for development and sustained economic growth and the critical role that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development worldwide, thereby benefiting all countries at all stages of development;

9. *Stresses* the essential role that official development assistance plays in complementing, leveraging and sustaining financing for development in developing countries and in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals; reiterates that official development assistance can play a catalytic role in assisting developing countries in removing constraints on sustained, inclusive and equitable growth through, inter alia, enhancing social, institutional and physical infrastructure, promoting foreign direct investment, trade and technological innovations, improving health and education, fostering gender equality, preserving the environment and eradicating poverty; and welcomes steps to improve the effectiveness and quality of aid based on the fundamental principles of national ownership, alignment, harmonization, managing for results and mutual accountability;

10. *Underlines* that the fulfilment of all official development assistance commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance to developing countries by 2015 and to reach a level of at least 0.5 per cent of gross national product for official development assistance by 2010, as well as a target of 0.15 per cent to 0.20 per cent of gross national product for official development assistance to least developed countries, and urges developed countries that have not yet done so to fulfil their commitments for official development assistance to developing countries;

11. *Encourages* donors to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes towards achieving the established official development assistance targets;

12. *Underlines* the important role of the United Nations development system in advancing development and in protecting development gains in accordance with national strategies and priorities, including progress towards achieving the internationally agreed development goals, including the Millennium Development Goals, threatened by the current economic crisis; reiterates that the United Nations should use the current economic situation as an opportunity to redouble its efforts to improve the efficiency and effectiveness of its development programmes; urges donor countries and other countries in a position to do so to substantially increase voluntary contributions to the core/regular budgets of the United Nations development system and to contribute on a multi-year basis, in a sustained and predictable manner; and notes that non-core resources represent an important supplement to the regular resource base of the United Nations development system;

13. *Recognizes* the potential of various voluntary innovative sources of financing to supplement traditional sources of financing, stresses that those funds should be disbursed in accordance with the priorities of developing countries and should not burden them unduly, and encourages the Secretary-General to organize an informal event in 2010, within existing resources, on the potential of voluntary innovative sources of development finance;

14. *Notes* the overall increase in the level of official development assistance in 2008 and that a significant part of aid flows since 2002 has comprised debt relief and humanitarian assistance;

15. *Emphasizes* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can be an important source of capital for economic growth and development, and also emphasizes that creditors and debtors must share responsibilities for preventing unsustainable debt situations;

16. *Recognizes* that recent special drawing rights allocations helped to increase global liquidity in response to the global financial and economic crisis;

17. *Reaffirms* the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up and to review progress in the implementation of commitments, identify obstacles, challenges and emerging issues and propose concrete recommendations and actions;

18. *Endorses* in this regard the recommendations of the Economic and Social Council as contained in its resolution 2009/30 of 31 July 2009;

19. *Affirms* the need to give more prominence to its annual agenda item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference", and, in this regard, reiterates the need to review the modalities for the financing for development follow-up process, as appropriate;

20. *Recalls* the decision to consider the need to hold a follow-up financing for development conference by 2013;[8]

21. *Decides* to include in the provisional agenda of its sixty-fifth session the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference", and requests the Secretary-General to submit, under that item, an annual analytical assessment of the state of the implementation of the Monterrey Consensus[6] and the Doha Declaration on Financing for Development[9] and of the present resolution, to be prepared in full collaboration with the major institutional stakeholders, that includes concrete proposals on the further strengthening of the financing for development follow-up process for consideration by Member States.

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[8] Resolution 63/239, annex, para. 90.

[9] Resolution 63/239, annex.